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FM AMEMBASSY CAIRO
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C O N F I D E N T I A L CAIRO 002015

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TREASURY FOR SAEED AND MATHIASON
NSC FOR WATERS

E.O. 12958: DECL: 06/30/2017

TAGS: EFIN ECON PREL I2 EG

SUBJECT: AMBASSADOR URGES GOE TO PROVIDE DEBT RELIEF FOR
IRAQ

REF: A. STATE 88875

- 1B. CAIRO 1125
- 1C. CAIRO 1188
- 1D. CAIRO 1258
- 1E. CAIRO 1822

Classified by Ambassador Francis J. Ricciardone for reasons
1.5 (b) and (d).

11. (C) Meeting June 28 with Prime Minister Ahmed Nazif,
Ambassador urged the GOE to restart negotiations to provide
debt relief for Iraq and move toward fulfilling its
commitment under the International Compact on Iraq (ref A).

12. (C) Nazif responded that the GOE is still considering the
issue. "We need more proof from the Iraqi side that they
will abide by" their commitments, he said. Meanwhile, he
noted that the GOE is supporting the Iraqi government in
other ways such as welcoming the Iraqi PM and vice presidents
on visits to Cairo and placing 180 Iraqi students in Egyptian
schools and universities.

13. (C) The Sharm resolution, endorsed by the GOE and other
countries present at the conference, says that assistance
offered the GOI "may include the granting of debt relief to
Iraq by creditors at least on comparable terms to the Paris
Club..." The GOE never publicly committed to Paris Club
terms.

14. (C) COMMENT: The GOE has shown no enthusiasm for debt
relief to Iraq (refs B-E), despite the language in the
compact. A chief obstacle for the GOE is their desire for
the GOI to fully repay worker remittances, as opposed to 50
percent, offered in an exchange of letters between the GOI
and GOE before the Sharm conference.

RICCIARDONE